
TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME III - HEALTH CARE FACILITIES DESIGN AND CONSTRUCTION
PART 26 - CONSTRUCTION FUNDING SOURCES

CHAPTER 26-6 HEALTH SERVICES CARRYOVER FUNDING

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26-6.1 INTRODUCTION

A. Purpose

This chapter establishes Indian Health Service (IHS) guidelines on the use of appropriated Health Services carryover (HSC) funds by Public Law (P.L.) 93-638 contractors for purchase, renovation or erection of modular buildings, and renovation of an existing facility, in limited circumstances, to meet expanded space requirements.

The use of IHS Facilities (X-account) funds for purchase, renovation or erection of modular buildings, and renovation of an existing facility, is not covered by these guidelines.

B. Background

The IHS contracts with tribes to provide health care services, and recognizes that new or modernized health care facilities may be required to accomplish these contracted functions. The Congress has addressed the need for expanded space requirements by permitting the use, IN LIMITED CIRCUMSTANCES, of P.L. 93-638 contract HSC funds to purchase, renovate or erect modular buildings, and renovate existing facilities.

However, IHS authority to enter into P.L. 93-638 contracts for health care services delivery does not provide for construction or large scale permanent improvements to facilities. The Department of the Interior and Related Agencies Appropriations Act for Fiscal Year 1993 states that Indian Health Services funds are "For expenses necessary to carry out the Act of August 5, 1954 (68 Stat. 674), the Indian Self-Determination Act, the Indian Health Care Improvement Act, and Titles III and XXVI and section 208 of the Public Health Service Act with respect to the Indian Health Service, including the ... purchase, renovation, and erection of modular buildings..."

The Administrative Provisions section of the Fiscal Year 1994 Appropriations Act added renovation of existing facilities.

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These guidelines define the extent to which HSC funds may be used to purchase, renovate or erect modular buildings and renovate existing facilities.

Under these guidelines, ownership of a free-standing facility will rest with IHS, while ownership of a facility renovation or addition remains with the owner of the existing facility in most cases. Exceptions to the general ownership rule will be handled on an individual basis.

C. Applicability

These guidelines apply to all health care services delivery contracts awarded under the authority of P.L. 93-638, the Indian Health Care Improvement Act.

D. Definitions

- (1) **Facility:** A building or a complex of buildings that operate as an integral whole. All buildings of a facility occupy the same site or campus.
- (2) **Modular Building:** Modular buildings are constructed in large sections or as complete buildings. They have been produced in a factory environment where each section has been pre-constructed (i.e. pre-wired, pre-plumbed, pre-finished, etc.) and are delivered complete, or erected in sections on site. Sections are not usually structurally self transportable but must be transported on a flat bed truck or trailer. Modular buildings may be temporary or permanent.
- (3) **Permanent Building:** A building constructed to provide a structure or facility on a continuous and permanent basis.
- (4) **Temporary Building:** A building constructed to provide a structure or facility needed for a limited period of time to meet an urgent need.
- (5) **Trailer or Mobile Building:** A manufactured, readily available, building intended to be transported to various locations. A trailer or mobile building can be identified by some or all of the following features:
 - Permanent frame with axles and wheels
 - Finished floors, walls, and ceilings
 - Complete toilet accessories (option)
 - Finished exterior walls with windows
 - Complete electrical system
 - Immediate occupancy
 - One story structure
 - Construction is based on federal standards versus local building codes

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- (6) **Free-Standing:** A structure that stands on its own foundation, free of support or attachment and is not an integral part of another building (independent of another building with respect to utilities and services).
- (7) **Addition:** An expansion attached to an existing facility. Examples of additions are a wing, a floor, an enclosed courtyard or entry way, a new building added to an existing facility, etc.
- (8) **Expansion:** New program space.
- (9) **Renovation:** Construction required to change the interior arrangements which may include utilities and equipment of an existing facility so that it may be more effectively utilized (e.g. for the delivery of health care services). Renovations may include work referenced by such terms as improvements, conversion, and reconversion, are governed by these guidelines.

26-6.2 CRITERIA

Submitted documents will be reviewed for conformity with the Health Facilities Planning Manual (HFPM), Area Health Facilities Master Plans, and other relevant IHS requirements. No additional staff, equipment, or funds shall be needed to operate or maintain the additional useable space other than as provided for through the existing P.L. 93-638 health services contract.

A. General Requirements for Purchase or Renovation Using HSC Funds

In permitting the use of Health Services carry-over funds for purchase or renovation of space, the Congress requires that the IHS ensure the following:

- (1) That the existing space is not adequate to deliver the level of health care services contracted for under P.L. 93-638;
- (2) That the use of HSC funds for the proposed purchase or renovation of space will not adversely affect the level of health care services being delivered under the P.L. 93-638 contract; and
- (3) That HSC funds be used for purchase or renovation of space in "limited circumstances."

B. Renovation Using HSC Funds

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- (1) Renovating existing space to meet space needs using HSC funds from a P.L. 93-638 health services delivery contract is permissible if:
 - a. Renovation is more cost effective than purchasing and erecting a new modular building of similar size and quality.
 - b. The building proposed for renovation,
 - (i) has a useful life and a sufficient remaining lease term (if appropriate) to justify expenditures for the proposed renovation, and
 - (ii) is architecturally and structurally suitable for conversion to the type of space required to meet program needs.
- (2) The following activities are **not allowable** and may not be part of an approved renovation supported by HSC funds:
 - a. Renovation associated with new construction;
 - b. Routine maintenance and repair of facilities or equipment; or
 - c. Interior furnishings and movable equipment to be used in finished space (Health Services funds can be used for this purpose with a separate request approved by the Contracting Officer).

26-6.3 PROCEDURE FOR SUBMITTING A PROPOSAL

A proposal for an addition to a tribally-owned facility should follow Subsections A or B. Proposals for an addition to an IHS-owned facility, or **purchase of a free-standing modular building**, should follow Subsections C or D. Other proposals should be handled as described in Subsection E.

Proposals to purchase a modular building (including estimated costs where appropriate) should include the following information:

- Excavation, site work, installation of utilities, etc.;
- Transportation, erection, and all additional related construction work necessary for occupancy; including fixed equipment, utility connections and all fees; and
- Cost effectiveness of purchasing a modular building rather than renovating existing space to provide the needed program space.

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The Area contracting officer must submit, as part of the proposal, verification (see **Exhibit 1** on page 10) that the proposed project, without regard to dollar level, meets the following requirements:

- HSC funds to be used for this project are verified as being currently available;
 - The purchase or renovation work meets general contract standards of allocability, allowability, and reasonableness; and
 - Additional HSC funds will not be needed for the daily operation of programs which are in need of the expanded space.
- A. Projects for tribally-operated and tribally-owned facilities will be processed as follows:
1. A Project Summary Document (PSD) must be submitted to the Area Director for review and approval for all projects with an estimated cost less than \$1,000,000. For projects with an estimated cost of more than \$1,000,000, a POR must be submitted as well.
 2. After the Area Director's review and approval, an information copy shall be sent to IHS Headquarters, facilities planning and construction program.
 3. Once approval is granted, the Area Office will notify the tribe. No design or construction work is to be performed until written approval is received.
- B. Projects up to \$1,000,000¹ for IHS-owned facilities will be processed as follows:
1. A PSD must be submitted for review and approval by the Area Director.
 2. After the Area Director's review and approval, an information copy shall be sent to Headquarters DFPC.
 3. No design or construction work is to be performed until written approval is received.
 4. A copy of the final project report with space and cost data must be provided to the Area Director and the Headquarters Realty Officer upon completion of the construction project.
- C. Projects \$1,000,000¹ and above for IHS-owned facilities will be processed as follows:

¹ Total project cost estimate, all IHS fund types combined.

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1. A PJD/POR must be submitted to the Area Office for review. It will be reviewed and recommended for approval by the Area Director.
 2. Six copies of the PJD/POR must be submitted to IHS Headquarters OEHE, DFPC for review and approval. Approval is granted by the Associate Director, OEHE.
 3. Once approval is granted, OEHE Headquarters will notify the Area Office. No design or construction is to be performed until written approval is received.
 4. A copy of the final project report with space and cost data must be provided to the Area Director and the Headquarters Realty Officer upon completion of the construction project.
- D. Projects that are not covered under Section 26-6.3, Subsections A through D, should be referred to DFPC Headquarters for guidance on obtaining approval including leases, which must be on the lease priority system.

26-6.4 CONTRACTING AND OWNERSHIP

A. Ownership

- **Renovation projects** - The owner of the existing facility will retain ownership after renovation.
- **Expansion projects:**
 - a. Additions to an existing facility - The owner of the existing facility will retain ownership after the addition.
 - b. Purchase or construction of a free-standing facility - The tribe will retain ownership.

Due to the complexity of ownership issues, they may need to be addressed on a case-by-case basis.

B. Contracting

Whether the project is located at a IHS-owned or tribally-owned facility will determine contracting responsibilities.

- For IHS-owned facilities, the Engineering Services (ES) or the Area office will have contracting authority. Contracting methods are direct federal and P.L. 93-638 construction contracts.

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- For tribally-owned facilities, the Area Contracting Officer may modify a P.L. 93-638 health services delivery contract to include renovation or expansion of a tribal facility. Such projects are considered federally-assisted construction, and IHS federally-assisted guidelines will apply. The ES will be available for technical review and inspection of the project as requested by the Area. The tribal contractor will be responsible for performing the construction portion of the contract.
- For tribally-owned facilities leased by IHS, the lease may be modified to include a one-time payment for construction and expansion. These projects are considered federally-assisted construction, and IHS federally-assisted guidelines will apply.

26-6.5 DESIGN AND CONSTRUCTION

After the PSD or PJD/POR is approved, and before granting approval for construction to be advertised, the Contracting Officer shall obtain concurrence of the construction plans and specifications from the approving authority identified in Section 26-2.3. Projects require, as a minimum, the following:

- A single-line drawing showing new space, and/or existing space with proposed renovations;
- Space schedule (description of floor space, room list, and gross area); and
- Cost estimate.

After the construction award, an information copy of the final construction bid award package (including a copy of the contract); contract drawings; and cost should be submitted to the approving authority identified in Section 26-3.3.

26-6.6 FINAL REPORTS

A final report must be submitted to DFPC Headquarters for use in preparing required documentation, e.g., budget justification documents and reports to the Congress. See Volume III, Chapter 24-8 "Project Final Reports."

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Exhibit 1

Financial Summary

Cost of Modular Building Purchase or Renovation _____
(including cost of renovating existing space)

Gross Area (Purchase or Renovation) _____

Carryover Services Funds (Available for Construction) _____

Current Cost of Services (Operating Expenditures) _____

Current Services Funds Available (Operating Budget) _____

Services Funds Available after Construction _____

I hereby certify that the above financial summary represents available funds for the purchase/renovation of a modular building, or renovation of an existing facility using carryover services funds without decreasing currently provided services.

P.L. 93-638 Contractor

Date

Contracting Officer

Date

The modular building purchase or renovation, or renovation of existing space gross area must be based on staffing generated by the IHS Resource Requirements Methodology, and space allocated using the IHS Health Facilities Planning Manual.